

CITY OF BUNKIE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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RETIRED - 2005

November 2, 2005

The Honorable Mayor
and Members of the Board of Aldermen
City of Bunkie, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bunkie, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bunkie's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements referred to above include only the primary government of the City of Bunkie, which consist of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Bunkie, as of June 30, 2005, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information for the primary government of the City of

-Members-

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

***The Honorable Mayor and
Members of the Board of Aldermen
November 2, 2005
Page 2***

Bunkie, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bunkie's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 2, 2005, on our consideration of the City of Bunkie's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Rozier, Harrington & McKay,
Certified Public Accountants

City Of Bunkie

Management's Discussion And Analysis

June 30, 2005

This section of the City of Bunkie's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2005.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the City's assets (including infrastructure acquired after July 1, 2003) and all of the City's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including public safety, culture, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, intergovernmental sources, and utility franchise arrangements.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

FUND FINANCIAL STATEMENTS

Fund financial statements provide detailed information regarding the City's most significant activities and are not intended to provide information for the City as a whole. Funds are accounting devices that are used to account for specific sources of funds. The City has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the City's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

City Of Bunkie

Management's Discussion And Analysis

June 30, 2005

- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	June 30, 2005			June 30, 2004
	Govern- mental Activities	Business- Type Activities	Total	
<u>Assets:</u>				
Current and Other Assets	\$ 1,408,384	\$ 675,958	\$ 2,084,342	\$ 2,400,760
Internal Balances	18,273	(18,273)	—	—
Capital Assets	2,708,103	4,700,466	7,408,569	7,310,667
Total Assets	4,134,760	5,358,151	9,492,911	9,711,427
<u>Liabilities:</u>				
Current and Other Liabilities	335,932	265,681	601,613	512,989
Long-term Liabilities	115,011	1,360,222	1,475,233	1,811,587
Total Liabilities	450,943	1,625,903	2,076,846	2,324,576
<u>Net Assets:</u>				
Invested in Capital Assets (Net)	2,572,965	3,340,244	5,913,209	5,377,175
Restricted	—	—	—	177,828
Unrestricted	1,110,852	392,004	1,502,856	1,831,848
Total Net Assets	\$ 3,683,817	\$ 3,732,248	\$ 7,416,065	\$ 7,386,851

As the presentation appearing above demonstrates, the largest portion of the City's net assets (79.7%) are invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired after June 30, 2003 less any debt used to acquire the assets that remains outstanding. The City uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

The remaining unrestricted net assets (20.3%) may be used to meet the City's ongoing obligations to citizens and creditors.

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

City Of Bunkie

Management's Discussion And Analysis

June 30, 2005

	June 30, 2005			June 30, 2004
	Govern- mental Activities	Business- Type Activities	Total	
Revenues:				
Program Revenue:				
Charges for Services	\$ 65,318	\$ 838,621	\$ 903,939	\$ 827,242
Operating Grants and Contributions	286,950	—	286,950	163,902
Capital Grants and Contributions	260,617	51,862	312,479	33,059
General Revenue:				
Property Taxes	75,414	190,115	265,529	262,543
Sales Taxes	653,667	—	653,667	745,984
Other Taxes	20,354	—	20,354	21,116
Licenses and Permits	139,545	—	139,545	143,398
Intergovernmental	104,831	—	104,831	140,019
Utility Franchise	201,606	—	201,606	207,198
Other	86,228	13,470	96,048	106,851
Total Revenue	1,894,530	1,094,068	2,988,598	2,651,312
Program Expenses:				
General Government				
Finance & Administrative	486,701	—	486,701	452,628
Judicial	85,083	—	85,083	76,454
Public Safety				
Fire Protection	431,945	—	431,945	379,580
Police Protection	600,951	—	600,951	554,984
Animal Control	10,885	—	10,885	11,575
Public Works				
Streets	398,732	—	398,732	381,382
Airports	32,218	—	32,218	23,592
Drivers License Office	18,416	—	18,416	6,017
Culture and Recreation	152,009	—	152,009	126,497
Health & Welfare	68,461	—	68,461	44,873
Interest on Long-term Debt	6,924	—	6,924	—
Water	—	180,562	180,562	151,707
Sewer	—	546,497	546,497	569,444
Total Expenses	2,292,325	727,059	3,019,384	2,778,733
Increase in Net Assets Before Transfers and Special Items	(397,795)	367,009	(30,786)	(127,421)
Transfers	425,696	(425,696)	—	—
Special Item – Donation	60,000	—	60,000	188,500
Change in Net Assets	87,901	(58,687)	29,214	61,079
Net Assets Beginning	3,595,916	3,790,935	7,386,851	7,325,772
Net Assets Ending	\$ 3,683,817	\$ 3,732,248	\$ 7,416,065	\$ 7,386,851

City Of Bunkie

Management's Discussion And Analysis

June 30, 2005

Governmental activities increased the City's net assets by \$87,901. The increase is attributable transfers from utility funds and a donation by the Union Pacific Railroad. The donation consisted of land that will be used for recreational purposes. The land has an appraised value of \$60,000.

Business-type activities operated profitably; however, business-type net assets have decreased by \$58,687 due to transfers to support governmental activities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported combined fund balances of \$1,110,852, which represents an decrease of \$139,931 in comparison to the previous balance. In addition, the City's general fund, which is available for spending at the City's discretion, reported a fund balance of \$307,389. The general fund balance decreased by \$221,922. This decreases are primarily due to declining sales tax collections and rising insurance premiums and pension cost that are beyond the City's control.

Amounts reported for business-type activities in the City's individual funds are identical to the business-type activities reported in the government-wide presentation.

GENERAL FUND BUDGET HIGHLIGHTS

The City's general fund and its sales tax fund are required to adopt budgets. Budgets are amended as necessary and appropriations increased as a result of the rising cost described in the proceeding section.

CAPITAL ASSET ADMINISTRATION

Capital asset activity for the year ended June 30, 2005 is summarized as follows:

	Govern- mental Activities	Business- Type Activities	Total
Additions:			
Haas Community Center Improvements	\$ 16,852	\$ ----	\$ 16,852
Land	60,000	----	60,000
Johnson Street Improvements	243,765	----	243,765
Backup Power Supply	---	69,149	69,149
Total Additions	320,617	69,149	389,766
Depreciation	(112,048)	(179,816)	(291,864)
Net Increase (Decrease)	208,569	(110,667)	97,902
Beginning Capital Asset (Net)	2,499,534	4,811,133	7,310,667
Ending Capital Assets (Net)	\$ 2,708,103	\$ 4,700,466	\$ 7,408,569

Highlights of the City's capital asset administration are provided as follows:

City Of Bunkie

Management's Discussion And Analysis

June 30, 2005

- The Haas Community Center Improvements represent the initial expenditures from a \$200,000 State appropriation.
- Additions to land are the result of 25,977 square feet of recreational property donated by the Union Pacific Railroad.
- Johnson Street improvements were constructed with the proceeds of a grant awarded by the Louisiana Department of Economic Development.
- The backup power supply was acquired with the proceeds of a FEMA grant and provides a source of emergency power for the City's water system.

DEBT ADMINISTRATION

Debt activity was limited to General Obligation Refunding Bonds. The proceeds from the refunding bonds were used to recall existing general obligation bonds resulting in a substantial interest savings.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, there are no factors that are expected to have a significant impact on future operations.

City of Bunkie

STATEMENT OF NET ASSETS

June 30, 2005

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,262,677	\$ 397,024	\$ 1,659,701
Receivables (net)	145,707	138,406	284,113
Restricted cash	-	140,528	140,528
Internal balances	18,273	(18,273)	-
Capital assets			
Non depreciable capital assets	238,632	45,546	284,178
Depreciable capital assets, net	<u>2,469,471</u>	<u>4,654,920</u>	<u>7,124,391</u>
Total assets	<u>4,134,760</u>	<u>5,358,151</u>	<u>9,492,911</u>
<u>LIABILITIES</u>			
Accounts and other payables	129,098	10,374	139,472
Deposits due others	-	107,253	107,253
Deferred revenues	186,707	-	186,707
Payable from restricted assets			
Accrued interest payable	-	13,054	13,054
General Obligation Bonds - due within one year	-	135,000	135,000
Capital Lease Obligation - due with one year	20,127	-	20,127
Long-term liabilities - due in more than one year	<u>115,011</u>	<u>1,360,222</u>	<u>1,475,233</u>
Total liabilities	<u>450,943</u>	<u>1,625,903</u>	<u>2,076,846</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	2,572,965	3,340,244	5,913,209
Unrestricted	<u>1,110,852</u>	<u>392,004</u>	<u>1,502,856</u>
Total net assets (deficit)	<u>\$ 3,683,817</u>	<u>\$ 3,732,248</u>	<u>\$ 7,416,065</u>

The accompanying notes are an integral part of the financial statements.

City of Bunkie

STATEMENT OF ACTIVITIES

Year Ended June 30, 2005

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Net (Expenses) Revenue
<u>Governmental Activities:</u>					
General Government					
Finance & Administrative	\$ 486,701	\$ 9,183	\$ -	\$ -	\$ (477,518)
Judicial	85,083	16,670	-	-	(68,413)
Public Safety					
Fire Protection	431,945	-	191,090	-	(240,855)
Police Protection	600,951	-	28,852	-	(572,099)
Animal Control	10,885	-	-	-	(10,885)
Public Works					
Streets	398,732	-	-	243,765	(154,967)
Airport	32,218	14,753	4,507	-	(12,958)
Drivers License Office	18,416	14,602	-	-	(3,814)
Culture & Recreation	152,009	10,110	-	16,852	(125,047)
Health & Welfare	68,461	-	62,501	-	(5,960)
Interest on Long-term Debt	6,924	-	-	-	(6,924)
Total Governmental Activities	<u>2,292,325</u>	<u>65,318</u>	<u>286,950</u>	<u>260,617</u>	<u>(1,679,440)</u>
<u>Business-Type Activities:</u>					
Water	180,562	550,870	-	51,862	422,170
Sewer	546,497	287,751	-	-	(258,746)
Total Business-Type Activities	<u>727,059</u>	<u>838,621</u>	<u>-</u>	<u>51,862</u>	<u>163,424</u>
Total	<u>\$ 3,019,384</u>	<u>\$ 903,939</u>	<u>\$ 286,950</u>	<u>\$ 312,479</u>	<u>\$ (1,516,016)</u>

The accompanying notes are an integral part of the financial statements.

City of Bunkie

STATEMENT OF ACTIVITIES (Continued) **Year Ended June 30, 2005**

	Governmental Activities	Business- Type Activities	Total
Net (Expense) Revenue (Continued From Previous Page)	\$ (1,679,440)	\$ 163,424	\$ (1,516,016)
General Revenues:			
Taxes:			
Ad Valorem	75,414	190,115	265,529
Sales	653,667	-	653,667
Other	20,354	-	20,354
Licenses & Permits	139,545	-	139,545
Intergovernmental	104,831	-	104,831
Utility Franchise	201,606	-	201,606
Other	86,228	13,470	99,698
Special Item - Union Pacific Donation	60,000	-	60,000
Transfers	425,696	(425,696)	-
Total General Revenues	1,767,341	(222,111)	1,545,230
Change in Net Assets	87,901	(58,687)	29,214
Net Assets Beginning	3,595,916	3,790,935	7,386,851
Net Assets Ending	\$ 3,683,817	\$ 3,732,248	\$ 7,416,065

The accompanying notes are an integral part of the financial statements.

City of Bunkie

Balance Sheet

Governmental Funds - June 30, 2005

	General Fund	Sales Tax Fund	Community Center Construction	Community Center Operations	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 340,826	\$ 668,756	\$ -	\$ 194,584	\$ 58,511	\$ 1,262,677
Receivables (net)	79,447	52,562	-	13,698	-	145,707
Interfund Receivables	18,273	-	183,148	-	-	201,421
Total assets	\$ 438,546	\$ 721,318	\$ 183,148	\$ 208,282	\$ 58,511	\$ 1,609,805
Liabilities and Fund Balance						
<u>Liabilities</u>						
Accounts payable	\$ 127,598	\$ -	\$ -	\$ 1,500	\$ -	\$ 129,098
Deposits due others	-	-	-	-	-	-
Deferred revenue	3,559	-	183,148	-	-	186,707
Interfund payables	-	-	-	183,148	-	183,148
Total liabilities	131,157	-	183,148	184,648	-	498,953
<u>Fund Balance</u>						
Unreserved - Reported In						
General Fund	307,389	-	-	-	-	307,389
Special Revenue Funds	-	721,318	-	23,634	58,511	803,463
Total Fund Balances	307,389	721,318	-	23,634	58,511	1,110,852
Total Liabilities and Fund Balance	\$ 438,546	\$ 721,318	\$ 183,148	\$ 208,282	\$ 58,511	\$ 1,609,805

The accompanying notes are an integral part of the financial statements.

City of Bunkie

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets

Year Ended June 30, 2005

Total Fund Balances - Governmental Funds	\$ 1,110,852
Amounts reported for governmental activities in the statement of net assets are different because:	
Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	(135,138)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>2,708,103</u>
Net Assets of Governmental Activities	<u>\$ 3,683,817</u>

The accompanying notes are an integral part of the financial statements.

City of Bunkie

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2005

	General Fund	Sales Tax Fund	Community Center Construction	Community Center Operations	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>						
Taxes:						
Ad Valorem	\$ 75,414	\$ -	\$ -	\$ -	\$ -	\$ 75,414
Sales	218,108	435,559	-	-	-	653,667
Other	20,354	-	-	-	-	20,354
Licenses & Permits:	143,168	-	-	-	-	143,168
Intergovernmental	624,746	-	16,852	34,709	-	676,307
Utility Franchise Agreements	201,606	-	-	-	-	201,606
Other	100,266	11,352	-	11,000	1,396	124,014
Total Revenues	1,383,662	446,911	16,852	45,709	1,396	1,894,530
<u>Expenditures:</u>						
General Government						
Finance & Administrative	473,343	9,810	-	-	180	483,333
Judicial	81,177	-	-	-	-	81,177
Public Safety						
Fire Protection	405,734	-	-	-	-	405,734
Police Protection	580,791	-	-	-	-	580,791
Animal Control	10,885	-	-	-	-	10,885
Public Works						
Streets	373,406	20,820	-	-	-	394,226
Airport	32,218	-	-	-	-	32,218
Drivers License Office	18,416	-	-	-	-	18,416
Culture & Recreation	98,937	-	-	-	-	98,937
Health & Welfare	43,661	-	-	23,975	-	67,636
Capital Expenditures	243,765	-	16,852	-	-	260,617
Debt Service	26,187	-	-	-	-	26,187
Total Expenditures	2,388,520	30,630	16,852	23,975	180	2,460,157
Excess (Deficiency) of						
Revenues Over Expenditures	(1,004,858)	416,281	-	21,734	1,216	(565,627)

The accompanying notes are an integral part of the financial statements.

City of Bunkie

Continued

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2005

	General Fund	Sales Tax Fund	Community Center Construction	Community Center Operations	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	(1,004,858)	416,281	-	21,734	1,216	(565,627)
<u>Other Financing Sources (Uses):</u>						
Operating Transfers In	782,936	-	-	-	-	782,936
Operating Transfers Out	-	(348,843)	-	(8,397)	-	(357,240)
Proceeds From Long-Term Debt	-	-	-	-	-	-
Net Change in Fund Balances	(221,922)	67,438	-	13,337	1,216	(139,931)
Fund Balance (Deficit) - Beginning of Year	<u>529,311</u>	<u>653,880</u>	<u>-</u>	<u>10,297</u>	<u>57,295</u>	<u>1,250,783</u>
Fund Balance (Deficit) - End of Year	<u>\$ 307,389</u>	<u>\$ 721,318</u>	<u>\$ -</u>	<u>\$ 23,634</u>	<u>\$ 58,511</u>	<u>\$ 1,110,852</u>

The accompanying notes are an integral part of the financial statements.

City of Bunkie

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended June 30, 2005

Net change in fund balances of Governmental Funds	\$ (139,931)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	148,569
The Union Pacific Railroad donated land with an appraised value of \$60,000. Since governmental funds do not report capital assets, this donation was not presented in the Statement of Revenue and Expenditures	60,000
Repayment of long-term debts is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide presentation.	<u>19,263</u>
Change in net assets of governmental activities	<u>\$ 87,901</u>

The accompanying notes are an integral part of the financial statements.

City of Bunkie

Statement of Net Assets

Proprietary Funds - June 30, 2005

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	
	System	System	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and cash equivalents	\$ 308,101	\$ 88,923	\$ 397,024
Receivables (net)	83,647	54,759	138,406
Total current assets	391,748	143,682	535,430
Restricted Assets:			
Cash and cash equivalents	-	140,528	140,528
Capital Assets:			
Non depreciable assets	45,546	-	45,546
Depreciable assets	2,539,513	5,436,421	7,975,934
Accumulated depreciation	(1,837,656)	(1,483,358)	(3,321,014)
Total assets	1,139,151	4,237,273	5,376,424
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts payable	10,374	-	10,374
Due to other funds	-	18,273	18,273
Deposits due others	107,253	-	107,253
Total current liabilities	117,627	18,273	135,900
Liabilities Payable From Restricted Assets:			
Accrued interest payable from restricted assets	-	13,054	13,054
Current portion of long-term debt	-	135,000	135,000
Noncurrent Liabilities:			
Long-term debt	-	1,360,222	1,360,222
Total liabilities	117,627	1,526,549	1,644,176
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	747,403	2,592,841	3,340,244
Restricted for debt service	-	-	-
Unrestricted	274,121	117,883	392,004
Total net assets (deficit)	\$ 1,021,524	\$ 2,710,724	\$ 3,732,248

The accompanying notes are an integral part of the financial statements.

City of Bunkie

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds - June 30, 2005

	Business-Type Activities - Enterprise Funds		
	Water System	Sewer System	Total
<u>Operating Revenues:</u>			
Charges for services	\$ 523,897	\$ 286,953	\$ 810,850
Delinquent and other charges	26,973	798	27,771
Total Operating Revenues	550,870	287,751	838,621
<u>Operating Expenses:</u>			
Salaries and wages	35,792	108,915	144,707
Employee benefits	16,975	42,855	59,830
Chemicals and supplies	23,257	41,849	65,106
Repairs and maintenance	6,910	23,223	30,133
Gasoline and oil	3,107	9,880	12,987
Utilities and telephone	37,224	58,419	95,643
Depreciation	37,001	142,816	179,817
Other operating expenses	20,296	31,931	52,227
Inflow and infiltration	-	23,764	23,764
Total Operating Expenses	180,562	483,652	664,214
Operating Income (Loss)	370,308	(195,901)	174,407
<u>Nonoperating Revenues (Expenses):</u>			
Interest revenue	6,417	7,053	13,470
Ad valorem taxes	-	190,115	190,115
Interest expense	-	(62,845)	(62,845)
Change in Net Assets Before Contributions and Transfers	376,725	(61,578)	315,147
<u>Contributions and Transfers:</u>			
Capital Contributions	51,862	-	51,862
Operating Transfers Out	(425,696)	-	(425,696)
Change in net assets	2,891	(61,578)	(58,687)
Total net assets - beginning	1,018,633	2,772,302	3,790,935
Total net assets - ending	\$ 1,021,524	\$ 2,710,724	\$ 3,732,248

The accompanying notes are an integral part of the financial statements.

City of Bunkie

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2005

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	
	System	System	Total
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 560,947	\$ 285,650	\$ 846,597
Cash payments to suppliers of goods and services	(97,395)	(235,669)	(333,064)
Cash payments to employees for services	(35,792)	(108,915)	(144,707)
Net cash provided (used) by operating activities	<u>427,760</u>	<u>(58,934)</u>	<u>368,826</u>
<u>Cash flows from non-capital financing activities:</u>			
Cash advances due to other funds	-	6,184	6,184
Operating transfers out	(425,696)	-	(425,696)
Net cash provided (used) by non-capital financing activities	<u>(425,696)</u>	<u>6,184</u>	<u>(419,512)</u>
<u>Cash flows from capital and related financing activities:</u>			
Capital expenditures	(69,150)	-	(69,150)
Capital contributions	51,862	-	51,862
Ad valorem taxes	-	190,115	190,115
Long-term debt proceeds	-	1,645,852	1,645,852
Principle paid on revenue bonds	-	(1,929,721)	(1,929,721)
Interest paid on debt instruments	-	(131,329)	(131,329)
Net cash provided (used) by capital and related financing activities	<u>(17,288)</u>	<u>(225,083)</u>	<u>(242,371)</u>
<u>Cash flows from investing activities:</u>			
Interest and other income	<u>6,417</u>	<u>7,053</u>	<u>13,470</u>
Net cash provided (used) by investing activities	<u>6,417</u>	<u>7,053</u>	<u>13,470</u>
Net increase (decrease) in cash	(8,807)	(270,780)	(279,587)
Beginning cash balance	<u>316,908</u>	<u>500,231</u>	<u>817,139</u>
Ending cash balance	308,101	229,451	537,552
Restricted cash and cash equivalents	-	140,528	140,528
Cash and cash equivalents	<u>\$ 308,101</u>	<u>\$ 88,923</u>	<u>\$ 397,024</u>

The accompanying notes are an integral part of the financial statements.

City of Bunkie

Statement of Cash Flows (Continued) **Proprietary Funds - Year Ended June 30, 2005**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
	<u>System</u>	<u>System</u>	
<u>Reconciliation of operating income (loss)</u>			
<u>to net cash</u>			
Operating income (loss)	\$ 370,308	\$ (195,901)	\$ 174,407
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	37,001	142,816	179,817
(Increase) decrease in accounts receivable	(225)	(2,101)	(2,326)
(Decrease) increase in accounts and other payables	10,374	(3,748)	6,626
(Decrease) increase in meter deposits	<u>10,302</u>	<u>-</u>	<u>10,302</u>
 Net cash provided (used) by operating activities	 <u>\$ 427,760</u>	 <u>\$ (58,934)</u>	 <u>\$ 368,826</u>

Supplemental disclosures of cash flow information:

During the year ended June 30, 2005, there were no further operating, financing, or investing activities during the year that did not result in cash receipts or payments.

The accompanying notes are an integral part of the financial statements.

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bunkie, Louisiana (the City) was incorporated under the provisions of Louisiana Law. The City is governed by its Mayor and a Board of Aldermen consisting of five members. Services provided to the citizens of Bunkie include but are not limited to public safety (police and fire protection), streets, recreation, and utility services (water and sewer).

The City's accompanying polices conform to generally accepted accounting principals for governmental units. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Some of the City's more significant accounting polices are described as follows:

FINANCIAL REPORTING ENTITY

The accompanying financial statements reflect only the primary government of the City of Bunkie. The primary government includes only those funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the City. The financial statements do not include the data of the component units necessary for general purpose financial reporting in conformity with generally accepted accounting principles.

BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the City only applies those FASB pronouncements that were issued on or before November 30, 1989.

The government-wide and fund financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2005

charges for services, fines, court cost, contributions associated with a particular function and most grants.

FUND FINANCIAL STATEMENTS

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The City's major funds are described as follows:

MAJOR GOVERNMENTAL FUNDS

General Fund – The general fund is the primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Sales Tax Fund – The sales tax fund is a special revenue fund used to account for the proceeds of a 1% sales tax that are restricted for constructing, paving, resurfacing, improving and maintaining public streets, sidewalks and bridges. The proceeds may also be used to pay principal and interest for bonds issued in connection with those activities.

Community Center Operations – A special revenue fund established to account for operation of the City's community center, which also serves as an emergency evacuation facility.

Community Center Construction – A capital project fund to account for the expenditure of grant funds awarded for the enhancement of the City's community center.

MAJOR BUSINESS-TYPE FUNDS

Water System – The water system fund is used to account for the operation of the City's water system, which are supported by user charges.

Sewer System – The sewer system fund is used to account for the operation of the City's sewer system, which are supported by user charges and special taxes.

Business-Type funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water and sewer service.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2005

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of account and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or if it is due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims and judgements are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

BUDGETARY CONTROL

The City Charter establishes the fiscal year as the twelve-month period beginning July 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

The City Clerk and Mayor prepare a proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submits the proposal to the Board of Aldermen. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is set.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

As required by state law, the budgets are amended whenever projected revenue fails to meet original expectations or when projected expenditures exceed original expectations. Budgetary amounts are presented as amended and all budgetary appropriations lapse at the end of the fiscal year.

CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents (restricted and unrestricted) includes all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments maturing in three months or less. Cash restricted for payment as required by law, contract, or agreement is reported separately in the financial statements. Credit risk associated with bank deposits is limited by requiring

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2005

fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

INTERNAL ACTIVITY:

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

RESTRICTED ASSETS:

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

CAPITAL ASSETS

Capital assets, which include property, equipment and infrastructure acquired after July 1, 2003, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the City. Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 3 to 40 years. Useful lives are selected depending on the expected durability of the particular asset.

COMPENSATED ABSENCES

The City does not accumulate unpaid vacation, sick pay, and other employee benefit amounts because employees are not allowed to carry over significant amounts.

USE OF ESTIMATES:

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2005

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2005, cash and cash equivalents totaled \$1,800,229 (book balance) and \$1,926,758 (bank balance). The book balance included \$140,528 that is classified as restricted, and the remaining \$1,659,701 is considered unrestricted.

Under state law, these deposits must be secured by federal deposit insurance or by the pledge of securities held by the bank. The securities pledged are held in the name of the pledging bank in a custodial bank that is mutually acceptable to both parties (GASB Category 3). At June 30, 2005, deposits were protected by \$636,943 in FDIC coverage and pledged securities with a market value of \$2,145,054. Even though the pledged securities are considered uncollateralized (Category 3), State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the City that the pledging bank has failed to pay deposited funds on demand.

NOTE 3 - AD VALOREM TAXES

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period. For the year ended June 30, 2005, the City levied and collected 5.66 mills of taxes for general corporate purposes of the City. In addition, the City levied 14.25 mills for the payment of general obligation bonds issued to finance construction of the Wastewater Treatment Plant.

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

Details related to interfund balances are presented as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Payables</u>
General	\$ 18,273	\$ ---	In the course of ordinary operations, the General Fund pays certain cost that are reimbursed by the Sewer System. The accompanying amount represents the reimbursement that is due at year end.
Sewer System Fund	---	18,273	
Community Center --			Funds provided by a State appropriation to improve the Haas Community / Evacuation Center are held in the operations fund on behalf of the construction fund.
Operations	---	183,148	
Construction	183,148	---	
Total Reported - Funds	201,421	201,421	
Government-Wide Eliminations	<u>(183,148)</u>	<u>(183,148)</u>	
Government-Wide Balances	<u>\$ 18,273</u>	<u>\$ 18,273</u>	

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2005

Details related to interfund transfers are presented as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Operating Transfers:</u>
General Fund	\$ 348,843	\$ ----	The sales tax fund has reimbursed the general fund for the cost of constructing, paving, resurfacing, improving and maintaining public streets, sidewalks and bridges.
Sales Tax Fund	----	348,843	
General Fund	8,397	----	During the current and previous years, certain cost associated with operating and maintaining the community were incurred by the general fund. During the current year, fund generated from rental of the facility were transferred to the general fund to offset some of the cost incurred.
Community Center Operations	----	8,397	
General Fund	425,696	----	Revenue generated by the Water System has been transferred to the general fund to finance the general operations of the City.
Water System Fund	----	425,696	
Total Operating Transfers Reported by Funds	782,936	782,936	
Government-Wide Eliminations	(357,240)	(357,240)	
Government-Wide Balances	<u>\$ 425,696</u>	<u>\$ 425,696</u>	

NOTE 5 - RECEIVABLES

Receivables at June 30, 2005 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>Accounts Receivable</u>		
Charges for services	\$ ----	\$ 141,816
Franchise taxes	37,524	----
Other	----	3,590
Total Accounts Receivable	37,524	145,406

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2005

	Governmental Activities	Business-Type Activities
<u>Due From Other Governments</u>		
Sales Taxes	52,562	----
Casino Revenue Sharing	9,721	----
Grants	35,433	----
Other	10,467	----
Total receivables	108,183	145,406
Less: allowance for uncollectibles	----	7,000
Receivables, net of allowance	\$ 145,707	\$ 138,406

NOTE 6 - FIXED ASSETS

A summary of general fixed asset transactions for the year ended June 30, 2005 follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Governmental Activities</u>				
Non Depreciable Capital Assets				
Land	\$ 140,000	\$ 60,000	\$ ----	\$ 200,000
Construction in Process	21,780	16,852	----	38,632
Total	161,780	76,852	----	238,632
Depreciable Capital Assets				
Buildings and Improvements	2,581,701	----	----	2,581,701
Furniture, Fixtures and Equipment	556,088	----	----	556,088
Streets	----	243,765	----	243,765
Accumulated Depreciation	(800,035)	(112,048)	----	(912,083)
Total	2,337,754	131,717	----	2,469,471
Total Governmental Activities	\$ 2,499,534	\$ 208,569	\$ ----	\$ 2,708,103
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Land and Right of Ways	\$ 45,546	\$ ----	\$ ----	\$ 45,546
Utility Construction in Process	31,720	----	31,720	----
Total	77,266	----	31,720	45,546
Depreciable Capital Assets				
Waterworks System	2,438,644	100,870	----	2,539,514
Sewer Treatment Plant	3,494,320	----	----	3,494,320
Sewer Collection System	1,805,137	----	----	1,805,137
Utility Equipment	70,683	----	----	70,683
Vehicles	66,281	----	----	66,281
Accumulated Depreciation	(3,141,198)	(179,817)	----	(3,321,015)
Total	4,733,867	(78,947)	----	4,654,920
Total Business-Type Activities	\$ 4,811,133	\$ (78,947)	\$ 31,720	4,706,466

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2005

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	Governmental Activities	Business-Type Activities	Total
Finance & Administrative	\$ 3,368	\$ ----	\$ 3,368
Judicial	3,906	----	3,906
Fire Protection	26,211	----	26,211
Police Protection	20,160	----	20,160
Streets	4,505	----	4,505
Culture & Recreation	53,072	----	53,072
Health & Welfare	826	----	826
Water System	----	37,001	37,001
Sewer System	----	142,816	142,816
Total Depreciation Expense	<u>\$ 112,048</u>	<u>\$ 179,817</u>	<u>\$ 291,865</u>

NOTE 7 - LONG-TERM DEBT

Long-term debt outstanding at year end is described as follows:

	Governmental Activities	Business-Type Activities	TOTAL
General Obligation Bonds	\$ ----	\$ 1,515,000	\$ 1,515,000
Capital Leases	135,138	----	135,138
Deferred Bond Issue Cost	----	(19,778)	(19,778)
Total Obligations	135,138	1,495,222	1,630,360
Due Within One Year	20,127	135,000	155,127
Due in More Than One Year	<u>\$ 115,011</u>	<u>\$ 1,360,222</u>	<u>\$ 1,475,233</u>

Long-term debt activity for the year ended June 30, 2005, is presented as follows:

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2005

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Leases	\$ 154,401	\$ —	\$ 19,263	\$ 135,138
<u>Business-Type Activities</u>				
General Obligation Bonds	1,779,091	1,665,000	1,929,091	1,515,000
Deferred Bond Issue Cost	—	(21,108)	(1,330)	(19,778)
Total Long-term Debts	\$ 1,933,492	\$ 1,643,892	\$ 1,947,024	\$ 1,630,360

GENERAL OBLIGATION BONDS

Amounts outstanding at year end consist entirely of General Obligations Refunding Bonds, Series 2004. Portions of the bond issue mature each year with the final installment due March 1, 2016. Amount maturing each year range from \$105,000 to 150,000, with interest ranges from 0.1% to 5.0%. These bonds are scheduled to mature as follows:

<u>Year Ended June 30th</u>	<u>Principle</u>	<u>Interest</u>
2006	\$ 135,000	\$ 41,754
2007	145,000	41,604
2008	140,000	41,309
2009	135,000	40,202
2010	135,000	37,504
2011 – 2015	720,000	108,275
2016 – 2017	105,000	2,491
Total	\$ 1,515,000	\$ 313,139

CAPITAL LEASE OBLIGATIONS

Capital lease obligations outstanding at year end consist on an agreement dated December 10, 2003, executed in exchange for a new fire truck with an original cost of \$154,401, bearing interest at a rate of 4.5%, payable in 7 annual installments of \$26,188 beginning September 1, 2004 and ending September 1, 2010. Future minimum lease payments due under this capital lease arrangements are presented as follows:

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2005

<u>Year Ended June 30th</u>	
2006	\$ 26,188
2007	26,188
2008	26,188
2009	26,188
2010	26,188
2011	26,186
	157,126
Amounts representing interest	(21,988)
Present value of minimum lease payments	\$ 135,138

NOTE 8 - PENSION PLANS

Substantially all City employees are members of statewide retirement systems. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Information regarding each plan is presented as follows:

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA:

The system is a multiple-employer (cost-sharing) public employee retirement system (PERS), controlled and administered by separate boards of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City participating in the retirement system are members of Plan A. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute. The City's contributions to the system were equal to the required contributions for the year.

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each municipality, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute 9.25 percent of their annual covered salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2005

The System issued an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA

Plan Description - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70800-2250, or by calling (225) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City is established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the plan were equal to the required contributions for the year.

NOTE 9 - COMPENSATION OF ELECTED OFFICIALS

Per diem payments to the Board of Aldermen and salaries paid to the Mayor for the year ended June 30, 2005 were as follows:

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2005

	<u>Position</u>	<u>Amount</u>
Gerard Moreau	Mayor	\$ 22,680
Travis Armand	Alderman	3,650
Lemuel Bassette	Alderman	3,650
Bruce Coulon	Alderman	3,650
Charles Descant	Alderman	3,650
Albert Kelley	Alderman	3,650
		<u>\$ 40,930</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The City has been named as a defendant in several lawsuits as of June 30, 2005. These suits are at various stages in the legal system. It is not possible to predict at this time the extent of the City's liability. Losses, if any, are not expected to exceed available insurance coverage.

NOTE 11 - RESERVED FUND BALANCES AND RETAINED EARNINGS

Various bond covenants require the City to maintain cash reserves that can only be used under specific circumstances. Since these funds are available only under specific circumstances, the amounts are presented as restricted.

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 13 - ACCOUNTS PAYABLE

Significant components of accounts payable at June 30, 2005, are presented as follows:

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Vendors	\$ 69,581	\$ 10,374
Contributions to retirement systems	11,300	---
Accrued wages	45,001	---
Other	3,216	---
Total	\$ 129,098	\$ 10,374

NOTE 14 – WALMART PROPERTY DONATION

The City is using certain grant funds to complete Bunkie's New Vision – Phase II. The project consist sidewalks, landscaping and ornamental lighting located near the downtown railroad station. In order to provide additional space needed to complete the project, the railroad has donated 0.44 acres of land with an appraised value of \$60,000. The increase in net assets attributable to the donation was reported separately as a special item in the accompanying government wide financial statements. Since this transaction was limited to acquiring a capital asset without utilizing current resources, it was not necessary to report the donation in the fund financial statements.

City of Bunkie

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2005

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>Revenues:</u>				
Taxes:				
Ad Valorem	\$ 74,500	\$ 75,551	\$ 75,414	\$ (137)
Sales	222,700	213,504	218,108	4,604
Other	11,000	30,762	20,354	(10,408)
Licenses & Permits:	78,000	79,400	143,168	63,768
Intergovernmental	433,574	617,562	624,746	7,184
Utility Franchise Agreements	173,500	209,344	201,606	(7,738)
Other	252,520	94,771	100,266	5,495
Total revenues	1,245,794	1,320,894	1,383,662	62,768
<u>General Government:</u>				
General Government				
Finance & Administrative	442,736	479,505	473,343	6,162
Judicial	74,750	83,079	81,177	1,902
Public Safety				
Fire Protection	344,900	438,474	405,734	32,740
Police Protection	510,995	587,426	580,791	6,635
Animal Control	10,862	11,930	10,885	1,045
Public Works				
Streets	435,000	594,758	373,406	221,352
Airport	28,500	35,266	32,218	3,048
Drivers License Office	11,300	16,447	18,416	(1,969)
Culture & Recreation	83,550	109,923	98,937	10,986
Health & Welfare	48,114	47,079	43,661	3,418
Capital Expenditures	-	-	243,765	(243,765)
Debt Service	-	-	26,187	(26,187)
Total expenditures	1,990,707	2,403,887	2,388,520	15,367

City of Bunkie

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Budget and Actual - Year Ended June 30, 2005

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Excess (Deficiency) of				
Revenues Over Expenditures	(744,913)	(1,082,993)	(1,004,858)	78,135
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	<u>745,000</u>	<u>746,000</u>	<u>782,936</u>	<u>36,936</u>
Net Change in Fund Balances	87	(336,993)	(221,922)	115,071
Fund Balance (Deficit) -				
Beginning of Year	<u>401,709</u>	<u>529,311</u>	<u>529,311</u>	<u>-</u>
Fund Balance (Deficit) -				
End of Year	<u>\$ 401,796</u>	<u>\$ 192,318</u>	<u>\$ 307,389</u>	<u>\$ 115,071</u>

City of Bunkie

Sales Tax Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2005

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>Revenues:</u>				
Sales Taxes	\$ 427,300	\$ 427,007	\$ 435,559	\$ 8,552
Other	6,500	6,500	11,352	4,852
Total revenues	433,800	433,507	446,911	13,404
<u>General Government:</u>				
Finance and Administration	10,900	9,200	9,810	(610)
Public Works - Streets	-	21,000	20,820	180
Total expenditures	10,900	30,200	30,630	(430)
Excess (Deficiency) of				
Revenues Over Expenditures	422,900	403,307	416,281	12,974
<u>Other Financing Sources (Uses):</u>				
Operating Transfers Out	(420,000)	(374,000)	(348,843)	25,157
Excess (Deficiency) of				
Revenues and Other Sources				
Over Expenditures and Other				
Uses	2,900	29,307	67,438	38,131
Fund Balance (Deficit) -				
Beginning of Year	647,162	653,880	653,880	-
Fund Balance (Deficit) -				
End of Year	\$ 650,062	\$ 683,187	\$ 721,318	\$ 38,131

City of Bunkie

Combining Balance Sheet Non Major Governmental Funds June 30, 2005

	Surplus Bond Fund	Total Non Major Funds
Assets		
Cash and Cash Equivalents	\$ 58,511	\$ 58,511
Receivables (net)	-	-
Interfund Receivables	-	-
Total assets	<u>\$ 58,511</u>	<u>\$ 58,511</u>
 Liabilities and Fund Balance		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Deferred Revenue	-	-
Interfund Payables	-	-
Total liabilities	<u>-</u>	<u>-</u>
 <u>Fund Balance</u>		
Unreserved - Reported In		
Special Revenue Funds	<u>58,511</u>	<u>58,511</u>
Total Fund Balances	<u>58,511</u>	<u>58,511</u>
 Total Liabilities and Fund Balance	<u>\$ 58,511</u>	<u>\$ 58,511</u>

City of Bunkie

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Non Major Governmental Funds - Year Ended June 30, 2005

	Surplus Bond Fund	Total Non Major Funds
<u>Revenues:</u>		
Intergovernmental	\$ -	\$ -
Other	<u>1,396</u>	<u>1,396</u>
Total Revenues	<u>1,396</u>	<u>1,396</u>
<u>Expenditures:</u>		
Finance & Administrative	180	180
Health & Welfare	-	-
Capital Expenditures	<u>-</u>	<u>-</u>
Total Expenditures	<u>180</u>	<u>180</u>
Excess (Deficiency) of Revenues Over Expenditures	1,216	1,216
<u>Other Financing Sources (Uses):</u>		
Operating Transfers In	-	-
Operating Transfers Out	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,216	1,216
Fund Balance (Deficit)		
Beginning of Year	<u>57,295</u>	<u>57,295</u>
End of Year	<u>\$ 58,511</u>	<u>\$ 58,511</u>

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

November 2, 2005

The Honorable Mayor and
Members of the Board of Aldermen
City of Bunkie, Louisiana

We have audited the financial statements of the City of Bunkie, Louisiana, as of and for the year ended June 30, 2005, and have issued our report thereon dated November 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the City of Bunkie, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the City of Bunkie, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal

-Members-

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

*The Honorable Mayor and
Members of the Board of Aldermen
November 2, 2005*

course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.



Rozier, Harrington & McKay,
Certified Public Accountants

CITY OF BUNKIE

Schedule of Findings and Questioned Cost For the Year Ended June 30, 2005

PART I - SUMMARY OF AUDITOR'S RESULTS:

- The Independent Auditor's Report on the primary government financial statements for the City of Bunkie as of June 30, 2005 and for the year then ended expressed an unqualified opinion.
- The report on internal control included no reportable conditions.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the City of Bunkie.

PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

- N/A

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:

- N/A

CITY OF BUNKIE

Management's Corrective Action Plan For the Year Ended June 30, 2005

<u>SECTION I</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
<u>SECTION II</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
<u>SECTION III</u> MANAGEMENT LETTER	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A

CITY OF BUNKIE

Schedule of Prior Year Findings and Questioned Cost For the Year Ended June 30, 2005

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings of the nature were reported as a result of the previous audit.	Response – N/A
SECTION III MANAGEMENT LETTER	
No findings of the nature were reported as a result of the previous audit.	Response – N/A